

2018 TERRACE BUSINESS WALK: RESULTS

BACKGROUND

The 2018 Business Walk was the third annual survey led by the City of Terrace. It was conducted in partnership with the Terrace and District Chamber of Commerce, the Regional District of Kitimat-Stikine, Community Futures 16/37, Terrace Business Resource Centre, Northwest Regional Airport, the Terrace Downtown Improvement Area, Kermodei Tourism, and the Ministry of Jobs, Trade and Technology. The Business Walk is intended to inform the efforts of the City of Terrace and our many local business support organizations.

The survey was conducted on the morning of Thursday, April 19th over a period of four hours with additional phone and electronic survey interviews completed in the following days. In total, 66 businesses across multiple industries were surveyed in Terrace and Thornhill. A random sample of businesses was surveyed with the intent to increase a larger sample size.

The results of the Business Walk survey also helps business service organizations in our community to understand what support would be most effective for local businesses. Some initiatives that were either initiated because of or informed by the Business Walk surveys include, but are not limited to:

- Quarterly economic development updates;
- Regular communications with business service organizations;
- Business workshops on hiring and recruitment/retention;
- The completion of a downtown parking study; and,
- Increased staff time for City business development activities.

EXECUTIVE SUMMARY

The primary results of the 2018 Business Walk survey are presented below:

- The economic climate and the ability for business to find and retain qualified staff were the two biggest challenges for surveyed businesses in Terrace;
- Compared to last year's survey, fewer businesses reported growth but they maintained positive expectations for future growth; and,
- Business owners prefer to situate in the Terrace area because of location and the loyal clientele.

SURVEY RESULTS

The surveyed businesses were asked a short list of standardized questions by the volunteer interview team to identify positive and negative aspects of doing business in Terrace. The survey questions and a summary of responses are provided below.

The survey was a random sample, and the majority of the businesses were located within the city limits. Due to the uneven distribution of businesses pertaining to the "random" nature of the survey, graph representations of precincts of the community would not correctly represent the health of the business community in each area.



QUESTION 1: COMPARED TO LAST YEAR, IS YOUR BUSINESS GROWING, STEADY OR SHRINKING?

The overall response to this question was positive in that business had remained fairly steady, and as usual had declined slightly in the winter months.

In 2018, 38% of businesses reported growth which is down 2% from 2017. Businesses who were steady took over one-third of the margin with 36%. This is a 16% increase in stability over 2017. Fewer businesses reported shrinking as compared to last year which is a continued trend from previous years' results in 2016 and 2017 (Figure 1).

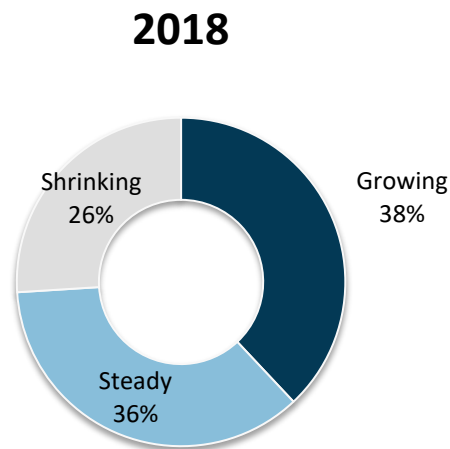


Figure 1. Question 1 Results, 2018

QUESTION 2: OVER THE NEXT 1-2 YEARS, DO YOU EXPECT YOUR BUSINESS TO GROW, STAY STEADY, OR SHRINK?

The 2017 and 2018 Business Walk results both show that the majority of businesses surveyed expect growth or steady business activity over the next year (Figure 2). Between the three years, optimism in the area is clear and less businesses overall are seeing shrinking in their business. 2018 started out as slow year economically and many businesses expressed the large snow load to slowdowns in the profits, however, they remained optimistic on the outlook for the year.

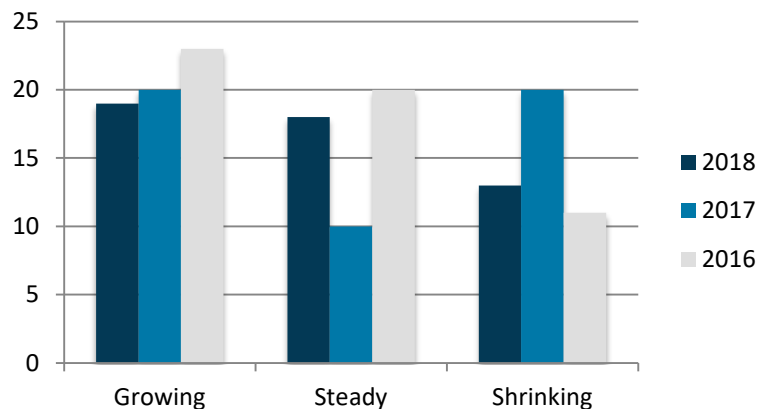


Figure 2. Question 2 Results (2016-2018).

QUESTION 3: WHAT DO YOU LIKE MOST ABOUT DOING BUSINESS IN TERRACE?

According to the surveyed businesses, location and clientele remain the most liked facets of doing business in Terrace (Figure 5). Those surveyed highlighted the loyalty of returning customers, the access to neighboring markets in Prince Rupert and Kitimat, as well as the numerous outdoor lifestyle opportunities afforded by Terrace's regional position. Less common themes included Terrace's business-friendly climate and affordability. These results do not vary significantly from last year's results and have remained generally the same over the three-year period.

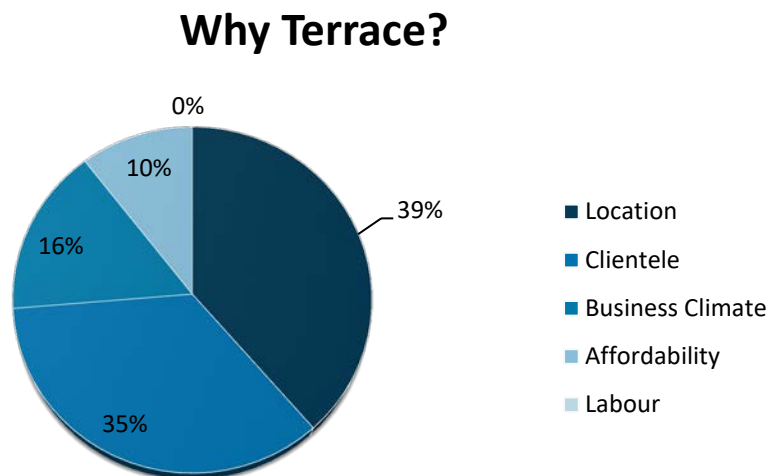


Figure 3. Question 3 Results

QUESTION 4: WHAT IS THE BIGGEST CHALLENGE YOUR BUSINESS FACES TODAY?

By a large margin, the two biggest challenges facing the surveyed businesses are the current economic climate and staffing issues (Figure 6). This observation is not different than previous years, and businesses were most vocal about it being difficult to find staff or correctly trained staff to meet their needs.

1. **Economic Climate:** 28% noted this to be an issue compared to 30% last year. In the retail sector, it was evident from survey responses that customers are being more frugal due to a lack of disposable income. For businesses that are more likely to see direct revenue from major projects, their challenges with economic climate usually referred to a lack of work.
2. **Staffing:** 31% of those surveyed regarded this as an issue, down from 38% last year. Responses included challenges finding staff willing to work part-time or shift work, lack of entry-level employees with customer service skills or work ethic, and difficulty retaining low-level staff. One business reported that it plans on closing due to a lack of flexible part-time employees, and many others identified this as a major problem. This typically was not an issue for trades companies or professional services.
3. **Others:** By percentage, local competition presented less of a challenge than online competition. Many local businesses have had challenges with marketing as well. Other challenges to doing business in terrace are the high freight costs and long shipping times associated with distance from suppliers.

Biggest Challenges

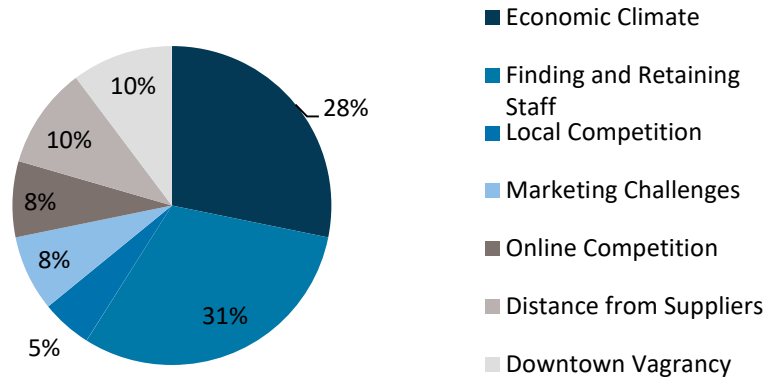


Figure 4. Question 4 Results

QUESTION 5: WHAT BUSINESS SERVICE ORGANIZATIONS HAVE YOU USED IN THE PAST?

Question 5 results are as follows:

- 56% were members of the Terrace and District Chamber of Commerce;
- 28% of businesses claimed not to be a member of or use any services of Terrace business support organizations;
- 10% have made use of the services at Community Futures; and,
- No users reported to use the services at TBRC specifically.

The businesses surveyed expressed they had accessed the Terrace and District Chamber of Commerce as well as Community Futures services. Several businesses noted using Kermodei Tourism Society as well as the Terrace Downtown Improvement Area organizations to help expose their businesses through marketing initiatives.

QUESTION 6: WHAT CAN BE DONE BY BUSINESS SUPPORT ORGANIZATIONS TO HELP YOUR BUSINESS THRIVE?

Respondents offered the following suggestions in order to support and help their businesses thrive:

- A job fair hosted by the Terrace and District Chamber of Commerce (TDCC);
- Less obstacles from the City for building or renovating (ie. Bylaws are too strict);
- More control and safety in the downtown;
- For organizations to work more collaboratively together for projects such as beautification;
- Promotion outside our region to recruit additional workforce;
- Hold more sector-focused business expo (ie. For tourism); and
- Focus on tourism attraction and beautifying Terrace.

NEXT STEPS

In an effort to respond to the findings in this report, the following actions are proposed:

Engagement: A quarterly meeting between the businesses organizations in Terrace and the City will be held to communicate on-going Official Community Plan objectives as well as share new and up-coming projects. This forum is an opportunity to work more collaboratively on projects throughout the community.

Communication: An ongoing social media strategy on Love Terrace and the City of Terrace Facebook page, as well as active and relevant news releases will allow for consistent communication with businesses in the community. There will also be regularly scheduled updates at various business and community organizations to discuss projects happening in the city (ie. Rotary, TDIA and TDCC meetings).

Development: Comments that referred to difficulties in the bylaw and building development/renovation were provided directly to Development Services for follow up.

Education: City staff will work with our partner organizations to promote their services to all businesses through social media and periodic business retention and expansion activities.

Workforce: All municipalities in the northwest cluster are struggling with filling vacancies in the workforce. The Economic Development staff in Terrace, Prince Rupert, Kitimat and the Regional District of Kitimat Stikine are currently working together on a regional workforce attraction marketing campaign. This campaign is targeted at all occupations and will market the healthy work/life balance northwestern BC offers.

Tourism: The City along with Kermode Tourism is continuing to promote Terrace as a tourism destination. Various opportunities are being explored, with Kermode Tourism leading the charge. An identified partnership initiative at this time is to encourage Terrace to be marketed as conference center of the northwest, and developing structure for a conference planning package to provide to interested event managers.

